

DD Set Provider
Interim Rate Calculation

State: North Dakota

	Total	Adminis- tration	General Client	Day Activity	ICF/MR #308xx	Minimally Supervised #35xxx		
						Training	Room	Board
Reported Costs								
Salaries and Fringe Benefits	\$495,616	\$27,305	\$230,833	\$95,601	\$92,566	\$49,311		
Other	210,830	130,000	42,330	5,200	24,000	7,100	2,200	
Board	28,200				13,900			14,300
Property	74,400		19,800	29,000	24,200	800	600	
Total Reported Costs	\$809,046	\$157,305	\$292,963	\$129,801	\$154,666	\$57,211	\$2,800	\$14,300
Adjustments								
Salaries and Fringe Benefits	(15,000)		(\$15,000)					
Other	0							
Board	0							
Property	0							
Total Adjustments	(\$15,000)	\$0	(\$15,000)	\$0	\$0	\$0	\$0	\$0
Total As Adjusted	\$794,046	\$157,305	\$277,963	\$129,801	\$154,666	\$57,211	\$2,800	\$14,300
General Client Allocation			(277,963)	153,992	61,986	61,986		
Sub-Total	\$794,046	\$157,305	\$0	\$283,793	\$216,652	\$119,197	\$2,800	\$14,300
Administration Allocation		(157,305)		87,147	35,079	35,079		
In-House Day Services	\$105,976				105,976			
Total Costs	\$900,022	\$0	\$0	\$370,939	\$357,707	\$154,276	\$2,800	\$14,300
Census				6,916	2,774	2,774	2,774	2,774
Interim Rate				\$53.63	\$128.95	\$55.61	\$1.01	\$5.16

Census								
Approved Capacity				28	8	8	8	8
Census at 100%				7,280	2,920	2,920	2,920	2,920
Census @ 95%				6,916	2,774	2,774	2,774	2,774

General Client Percentage

	Census Units	%
Day Activity	7,280	55.4%
ICF/MR	2,920	22.3%
Minimally Supervised	2,920	22.3%
Total	13,120	100.0%

Administration Percentage

	Costs	%
Day Activity	283,793	44.6%
ICF/MR	216,652	34.0%
Minimally Supervised		21.4%
Training	119,197	
Room	2,800	
Board	14,300	
Total	636,741	100.0%

In-House Day Service Calculation

Day Activity Costs	370,939
Census @ 100%	7,280
Day Activity Rate	\$50.95
Number of ICF/MR Day Service Days	2,080
Total Cost for Day Service	\$105,976

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Attachment 4.19-D
Sub-section 2

APPENDIX B

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**APPENDIX B
FINAL RATE SETTING METHODOLOGY**

Providers of services to developmentally disabled individuals must submit a cost report, on a form prescribed by the department, to the department by the last day of the third month following the end of the facility's fiscal year. The provider must report all actual costs, adjustments for nonallowable costs, and actual census units. The cost report submission will be reviewed by the department and if necessary a field audit will be performed. A final rate for services is established based on the cost report submission and desk or field audits. The final rate is a retrospective rate and will be effective for the period which was reported on the cost report.

The example shown on B-5 and B-6 sets forth the final rate setting methodology and various calculations which enter into the final rate setting as described below:

RATE DETERMINATION**Reported Costs**

Reported costs are the total costs reported by the provider on the cost report, net of applicable adjustments made by the provider. Total reported costs include all costs incurred by a provider, including costs which are not related to providing services to developmentally disabled clients.

Audit Adjustments

Audit adjustments identifies the adjustments made by the department based on a desk or field audit to reported costs which cannot be included in allowable costs based on reimbursement rules.

Allowable Costs

Total reported costs are increased or decreased by audit adjustments to arrive at allowable costs.

Service Categories

Allowable costs are allocated to each of the services based on reported costs for each category, net of adjustments or reallocations which are necessary based on the desk or field audit.

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Budget Limitations

Allowable costs for services provided to developmentally disabled clients are compared to the approved budget amounts used to calculate the interim rate. If total allowable costs exceed the total approved budgeted costs, a limitation is applied. See attached calculation.

General Clients Allocation

Allowable general client costs are allocated to each service category, excluding ISLA, SLA, Family Support Services, Extended Services, Supported Employment, Room and Board, based on the percent actual census units for the services are to total census units for all services. See the attached calculation.

Administration Allocation

Administration costs are allocated to each service category based on the total costs of the service category, including the general client allocation, to total costs of all services, exclusive of production costs. See the attached calculation.

Day Activity In-House

The costs of providing in-house day services to ICF/MR clients are included in the costs of ICF/MR to arrive at total ICF/MR costs. See attached calculation.

Total As Adjusted

Total costs for each service category consists of reported costs as adjusted less budget limitation, plus general client allocation, plus administration allocation, plus in-house ICF/MR day service costs.

Client Units

Actual units of service provided for each service category or 95% approved occupancy, whichever is greater.

Rate Per Unit

Total As Adjusted costs divided by client units. The rate per unit is the final per diem rate which is applicable for the identified service.

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DD Service Provider
Final Rate Determination

	Reported Costs	Audit Adjustments	Allowable Costs	Adminis- tration	General Client	Day Activity	ICF/MR	Minimally Supervised		
								Training	Room	Board
Salaries	\$406,926		\$406,926	\$24,990	\$198,854	\$69,138	\$68,769	\$45,175		
Fringe Benefits	84,427		84,427	3,241	41,985	19,910	13,770	5,521		
Travel	13,062		13,062		10,508	351	1,389	814		
Supplies	20,371		20,371		6,905	3,341	6,320	901	2,904	
Food	27,474		27,474				13,490			13,984
Utilities/Repairs	25,431		25,431		9,746	7,737	7,533	415		
Depreciation	24,013		24,013		4,206	9,872	9,515		420	
Interest	15,638	(963)	14,675		2,987	5,891	5,797			
Other	151,886	(28,765)	123,121	116,235	3,471	1,557	1,858			
Total Adjusted Costs	\$769,228	(\$29,728)	\$739,500	\$144,466	\$278,662	\$117,797	\$128,441	\$52,826	\$3,324	\$13,984
Budget Limitation			(10,737)	(2,148)	(4,143)	(1,751)	(1,910)	(785)		
Sub-Total			\$728,763	\$142,318	\$274,519	\$116,046	\$126,531	\$52,041	\$3,324	\$13,984
General Client Allocation %						52.70%	23.34%	23.96%		
General Client Allocation					(274,519)	144,671	64,068	65,780		
Sub-Total			\$728,763	\$142,318	\$0	\$260,717	\$190,599	\$117,821	\$3,324	\$13,984
Administration Allocation %						44.46%	32.50%	23.04%		
Administration Allocation				(142,318)		63,271	46,254	32,793		
Sub-Total			\$728,763	\$0	\$0	\$323,988	\$236,853	\$150,614	\$3,324	\$13,984
Day Activity In-House							104,431			
Total As Adjusted			\$728,763	\$0	\$0	\$323,988	\$341,284	\$150,614	\$3,324	\$13,984
Census Units						6,422	2,844	2,920	2,920	2,920
Rate Per Unit						\$50.45	\$120.00	\$51.58	\$1.14	\$4.79

BUDGET LIMITATION

Total Budgeted Costs	\$728,762		
Total Allowable Costs	739,500		
Limitation	(\$10,738)		
Allocation of Limitation	Cost	Percent	Budget Limit
Administration	\$144,466	20.00%	(\$2,148)
General Client	278,662	38.59%	(4,143)
Day Activity	117,797	16.31%	(1,751)
ICF/MR	128,441	17.78%	(1,910)
Minimally Supervised Training	52,826	7.31%	(785)
Total	\$722,192	100.00%	(\$10,737)

GENERAL CLIENT ALLOCATION PERCENT

	Census Units	Percent
Day Activity	6,422	52.70%
ICF/MR	2,844	23.34%
Minimally Supervised	2,920	23.96%
Total	12,186	100.00%

IN-HOUSE DAY SERVICE CALCULATION

Day Activity Rate	\$50.45
Number of ICF/MR Day Service Days	2,070
Total cost for Day Service	\$104,431

ADMINISTRATION ALLOCATION PERCENT

	Costs	Percent
Day Activity	\$260,717	44.46%
ICF/MR	190,599	32.50%
Minimally Supervised		
Training	117,821	23.04%
Room	3,324	
Board	13,984	
Total	\$586,445	100.00%

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Attachment 4.19-D
Sub-section 2

APPENDIX C

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**CHAPTER 75-04-02
PURCHASE OF SERVICE
FOR DEVELOPMENTALLY DISABLED PERSONS**

Section	
75-04-02-01	Purchase of Service
75-04-02-02	Fiscal Requirement
75-04-02-03	Insurance and Bond Requirements
75-04-02-04	Disclosure of Ownership and Interest
75-04-02-05	Payments to Members of Governing Boards Restricted [Repealed]
75-04-02-06	Payments to Related Organizations Restricted
75-04-02-07	Articles and Bylaws of Provider
75-04-02-08	Providers Policies and Procedures
75-04-02-09	Recording and Reporting Abuse, Neglect, and Use of Restraint
75-04-02-10	Wages of Developmentally Disabled Persons
75-04-02-11	Access to Provider Premises and Records
75-04-02-12	Lobbying and Political Activity
75-04-02-13	Indemnification
75-04-02-14	Grievance Procedure
75-04-02-15	Property Management and Inventory
75-04-02-16	Accounting for Funds
75-04-02-17	Rate of Reimbursement
75-04-02-18	Case Management

75-04-02-01. Purchase of service. The department may purchase services only from licensed providers in compliance with the requirements of this chapter.

History: Effective April 1, 1982.
General Authority: NDCC 25-16-06, 50-06-16
Law Implemented: NDCC 25-16-10

75-04-02-02. Fiscal requirement. Providers shall submit, no less than annually, a full financial disclosure including, but not limited to:

1. A statement of assets and liabilities.
2. An operations statement.
3. A statement disclosing contract income and client wages.
4. A statement of client fees or payments and their distribution.

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5. A statement showing the distribution of historical costs and a forecast of future costs.
6. A statement of the assets and liabilities of any related organizations.

History: Effective April 1, 1982.

General Authority: NDCC 25-16-06, 50-06-16

Law Implemented: NDCC 25-16-10

75-04-02-03. Insurance and bond requirements.

1. Providers shall secure and maintain insurance and bonds appropriate for the size of the programs including, but not limited to:
 - a. Blanket fidelity bond equal to not less than ten percent of the total operating costs of the program.
 - b. Property insurance covering all risks at replacement costs and costs of extra expense of loss of use.
 - c. Liability insurance covering bodily injury, property damage, personal injury, teacher liability, professional liability, and umbrella liability as applicable.
 - d. Automobile or vehicle insurance covering property damage, comprehensive, collision, uninsured motorist, bodily injury, and no fault.
2. The department shall determine the adequacy of the insurance coverages maintained by the applicant.

History: Effective April 1, 1982.

General Authority: NDCC 25-16-06, 50-06-16

Law Implemented: NDCC 25-16-10

75-04-02-04. Disclosure of ownership and interest. Providers shall disclose to the department the identity and interest of any owners of the program and facilities of the provider including, but not limited to the requirements of section 75-04-01-21, and:

1. The names, addresses, and telephone numbers of the owners or board of directors of related organizations.

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2. The amount of any payments made to any member or members of the governing board of the applicant or board of directors of a related organization exclusive of reimbursement for actual and reasonable personal expenses.

History: Effective April 1, 1982.

General Authority: NDCC 25-16-06, 50-06-16

Law Implemented: NDCC 25-16-10

75-04-02-05. Payments to members of governing boards restricted. Repealed effective June 1, 1985.

75-04-02-06. Payments to related organizations restricted.

1. Payments, to related organizations, by the provider shall be limited to the actual and reasonable cost of the service received or the product purchased.
2. Financial transactions between the provider and the related organization shall be documented by the provider. The terms of such transactions shall be those which would be obtained by a prudent buyer negotiating at arms length with a willing and knowledgeable seller.

History: Effective April 1, 1982; amended effective June 1, 1985.

General Authority: NDCC 25-16-06, 50-06-16

Law Implemented: NDCC 25-16-10

75-04-02-07. Articles and bylaws of provider.

1. The articles, bylaws, or constitution of the provider shall identify developmentally disabled persons as eligible recipients of the provider's services and the provisions of those services as a purpose of the organization.
2. The articles, bylaws, or constitution of the provider shall authorize the governing board to enter into contracts, agreements, or any other arrangement to secure funds to provide services consistent with the provider's purpose.
3. The provider's dissolution provisions shall provide that the assets of the organization, which have been purchased, in whole or in part, with funds loaned or granted by the state or with the state's necessary approval, shall inure to the benefit of developmentally disabled persons and shall further

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provide that such assets shall be transferred subject to the approval of the department.

History: Effective April 1, 1982; amended effective August 1, 1984.
General Authority: NDCC 25-16-06, 50-06-16
Law Implemented: NDCC 25-16-10

75-04-02-08. Providers policies and procedures. The department may require a provider to submit a statement of policies and procedures, and evidence of the implementation of the statement, in order to facilitate a determination that the provider is in compliance with the rules of the department and with North Dakota Century Code section 25-01-01.

History: Effective April 1, 1982.
General Authority: NDCC 25-16-06, 50-06-16
Law Implemented: NDCC 25-16-10

75-04-02-09. Recording and reporting abuse, neglect, and use of restraint.

1. Providers shall implement policies and procedures to assure that incidents of alleged abuse and neglect:
 - a. Are reported to the governing board, administrator, parent, guardian, and advocate;
 - b. Are thoroughly investigated, the findings reported to the governing board, parent, guardian, and advocate, and that the report and the action taken are recorded in writing and retained for three years; and
 - c. Are immediately reported to the department.
2. Providers shall record and report to the governing board any and all incidents of restraint utilized to control or modify the behavior of developmentally disabled persons.
3. Incidents resulting in injury to the staff of the provider or a developmentally disabled person, requiring medical attention or hospitalization, shall be recorded and reported to the chairman of the governing board immediately, and as soon thereafter as possible to the parent, guardian, or advocate.
4. Incidents resulting in injury to the staff of the provider or a developmentally disabled person which require extended hospitalization, endanger life, or result in a permanent

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